Interview: Debashis Ghosh, Vice President & Global Head, Tata Consultancy Services (TCS)

27.07.2012

Tags: Array, Tata Consultancy Services (TCS)

TCS Life Sciences and Healthcare vertical was created within the Tata Group 10 years ago. Can you explain to the readers, how such a diversified group such as Tata decided to create TCS Life sciences and Healthcare, and give us an overview of your main activities.

TCS is a company by itself. It started off in 1968 as a division of Tata Sons and went public in 2004. Today, it is one of the largest companies in India as far as market capitalization is concerned (over $50 MN). Last year, we closed our financial year with revenues of $8.2BN. When comparing market capitalization, we are the third largest company in the industry after IBM and HP. As TCS was evolving, we realized that we had to focus vertically. So we created industry services within TCS, such as banking, insurance, financial services, and manufacturing. About 10 years ago, we saw that certain pharmaceutical companies were thinking about outsourcing to India. At that time, cost was not the main reason, quality and qualified manpower were the drivers of this outsourcing. Our early customers arrived around 2000-2001. We were not only doing IT services work for them but also engineering design. This is when the journey began!

How important is the Life sciences and healthcare within TCS?

Pharma and Healthcare now represent about 5.5% of TCS and employ 9000 people. This might seem small, but we are larger than many companies that only do pharma work. We provide full services for the entire value chain: we do data management, bio statistics, medical writing, pharmacovigilance etc. We also do commercial analysis, new product development, plant automation, core pharma manufacturing work among others… Therefore our people mix is very

different. We have IT people, people with medicine backgrounds – physicians and pharmacologists, process consultants among other skills. This is how we became a partner to pharma companies across the value chain.

We saw your results last year and your growth was about 24.3%. More specifically, how fast is the Lifesciences & healthcare sector growing?

It's about the same. To give you an example, 7 years ago, we used to work with one of the top ten pharma companies. Today, seven of the top ten companies are our clients, and we are working with them in a very significant way. We are providing them with services in many different areas. To illustrate my answer, we have a customer to whom we are providing a full range of services (IT, medical device design, clinical services…), who had a product that they wanted to start distributing in India. The main problem faced when bringing a product from the developed market to an emerging market is to find the correct price point. We ended up redesigning the product (changing the material as well as the design), in order to lower the cost, making it viable to introduce this product in all BRIC countries. This is how we are bringing innovation to this client, and innovation is our way of differentiating ourselves from our competitors.

Originally, India was famous for being a cost competitive destination. Today it also seems to combine quality, since you have received the global supplier award from Eli Lilly in 2008. How do you make sure that India stays a cost competitive country whilst guaranteeing quality to international companies?

It is very easy! We bring the best of people, technology, and processes together. The Tata name attracts the best talent, and through training we make sure they are customer oriented. We then give them access to the best technology: we grew as a technology company, so our technology orientation is extremely strong. These combined with our strong processes lead to a very high standard of output to our clients! This system has allowed us to become extremely strong in clinical research for example. People come to India for cost and stay for quality and productivity. If this wasn't the case companies wouldn't stay here. But they do.

You have a very diverse client base (big pharma, hospitals or smaller biotechnology companies) How do you manage to have a very flexible client offer? How are you able to provide the best quality service to very different clients?

We have a series of offerings that are customized depending on the size of a company. If a small company with only few people in finance wants to outsource, they can ask us to provide a platform where we provide IT, the process and the output. We have this service not only for finance but also for HR, as well as for clinical trials for small or, medium sized companies besides our offerings for large pharma companies.
We want to be our customers' strategic partner and significantly contribute towards their success.

We don’t mind if our clients are small. We welcome their objectives and the desire to build a strategic partnership.

Distribution is a major challenge in India given the size of the country. Can you please say a couple words on the distribution system, which had been recognized as one of the best technologies for the sector?

TCS has developed some of the very advanced RFID technologies which we are distributing to international clients rather than Indian clients.

In today’s environment, the pharmaceutical supply chain is driven by three critical aspects – globalization, product stewardship, and cost containment. These bring with them the need to ensure adept visibility, risk management, cost optimization, and reliability within the entire supply chain to drive profitability.

Our Solution addresses the strategic, tactical, and operational aspects of the pharmaceutical supply chain. As a result, our clients are able to ensure that the right medicine, in the right quantity, at the right price, at the right time, and in the right condition is given to the right patient. Or a surgeon won’t have to worry about having a missing component in his kit anymore.

You were mentioning your client base is international – rather than Indian pharma companies. When do you think the Indian industry will reach its full potential?

I think it will take time because Indian pharma focuses mainly on generics, since that is where there are the most opportunities, and which will continue to increase. They should become more R&D focused and orient themselves to IT and sales and marketing.

The fact that many local companies are being acquired by multinationals will automatically make companies more research driven.

As for yourself, do you still consider TCS to be an Indian company?

No. It’s definitely a global company. We are recruiting, producing, delivering our services internationally. We will expand wherever the best talent is available and where the best opportunities and business models are. We have large solution centers in Europe, North America, Latin America and China besides India. Our work force comprise of associates from 99 nationalities.

TCS has recruited 70 000 employees last year. How do you make sure these are the “best talent”?

We partner with about 500 foremost universities/colleges in India and overseas each year in order to hire the best talents. Last year we employed about 20,000 fresh college graduates. The

challenge is to become the “first employer”. Students select the first employer, this is when it is important to have a good brand name. We have day one slots in 99.4% of campuses visited last year.

For experienced professionals also we follow a comprehensive and rigorous selection process to be sure that we get the best talent. We only hire 4-5% of these applicants.

One of our biggest advantages is the “Tata” name.

…and how do you deal with attrition? Pharma has a rate of about 20% of attrition.

Attrition in the IT sector is lower.

We have a focused and multi faceted approach towards employee satisfaction, We try to give the best treatment to our employees, on all fronts: career, family, spiritual, societal…. We have a comprehensive employee engagement program.
The average age of a TCS employee is in high twenties, and at this age your main motivation is the possibility of career evolution.

We also focus a lot on training: when a fresh college graduate is recruited, he can undergo up to 6 months of training depending upon is discipline, to make sure the employee understands the job and the industry. If he is already experienced, he goes through an integration program. Besides that, we provide client training, project training and a regular development program. In this way we are able to identify the employees with the best performance and try to do as many rotations of personnel, so that they go up the value chain. This is one aspect: the learning development career progression.
We give industry-standard salaries.
Since our people spend a lot of time at work, we make sure to provide them with the best facilities possible: canteen, gym, yoga classes, dance classes… We try to enable our people to do part of their hobbies at the workplace.
We also have programs that involve the employees’ family. If we send them abroad, we will make sure they are well integrated.
Our CSR policy is to make employees participate in what we are doing (example: if we are developing software, they will also go develop a software for a hospital).

We also make sure that the managers are well trained and are grooming their people. We encourage them to give them opportunities and treat them fairly and always stay customer oriented.
I think that this is what keeps our employees within our company.
Attrition is inevitable but I think that among big companies in India, we are the best in containing it.

What is on top of your agenda for the 5 years to come?

A very big agenda for us is “non linear revenue”: adding revenue without adding more people in the same proportion.
We recently launched “iON” which has been developed to deliver IT in the third generation service model to SMBs.
Verticalization was also very important on our agenda. We started verticalization about 7 to 8 years ago but the real vertical business unit started three years ago, when we embraced what is called “industry solution unit structure” which is a complete end-to-end P&L, a vertical P&L. This allows us to control our destiny.

What is your final message on behalf of TCS?

India is the place to be. We have great values in terms of quality, innovation and skills. I would like every large pharma company to consider India as their destination of choice.

See more interviews